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THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

FEBRUARY 1, 1941

Trade and industry in the Third Federal Reserve District continued unusually active in December and in many lines reached the highest levels in a decade. The production of defense materials in this area has increased substantially, and demand from industry has expanded, with an increasing volume of forward ordering in evidence. Backlogs in most manufacturing lines are heavy; inventories appear to be well controlled; and prices generally are firm.

Industrial production in the Third District advanced somewhat further in December, when there is ordinarily a decline, and the adjusted index increased 6 per cent to the highest level in several years. During 1940 total industrial production was 7 per cent above the previous year. Manufacturing activity in the month also increased 6 per cent on a seasonally adjusted basis, with the output of durable goods reaching the highest level since 1929.

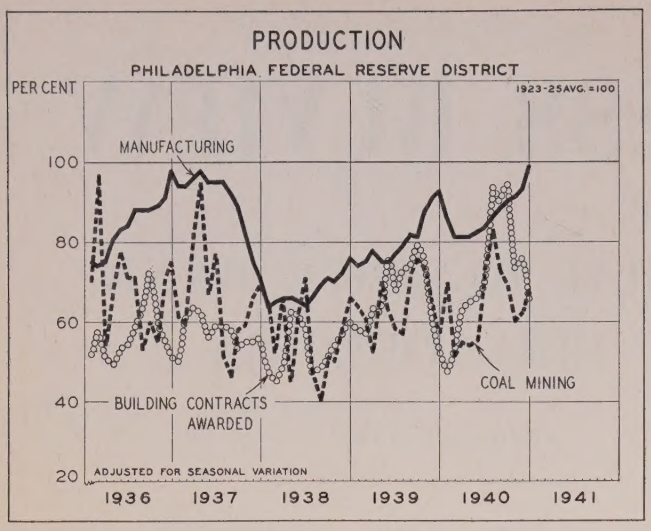
Production of anthracite increased substantially in the month, and the output of bituminous coal declined less than was to be expected. Activity in both lines during 1940 was above 1939. The production of crude oil increased in the month but was somewhat below a year earlier. The output of electric power on a seasonally adjusted basis advanced to a record high.

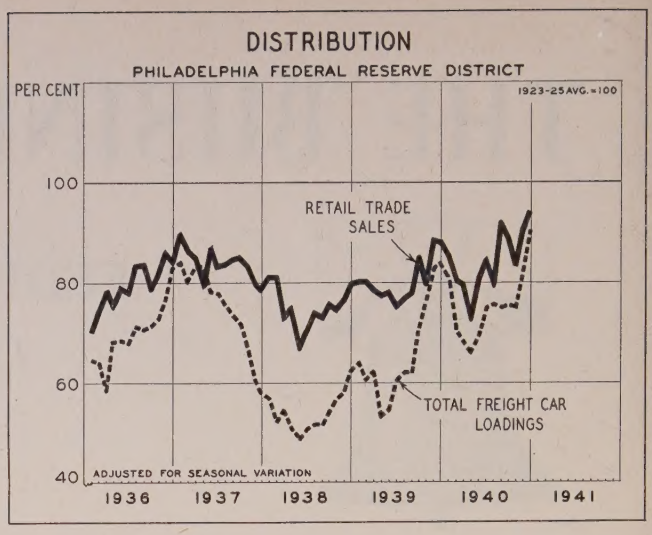
Construction activity was reduced slightly in December but for the year as a whole was the largest in a decade. The erection and renovation of commercial and factory buildings increased sharply in the year, and residential construction continued near the peak reached in 1939.

General employment in industry and trade in Pennsylvania increased 4 per cent in December, and payrolls advanced 7 per cent, gains being reported in most basic lines. Factory payrolls continued the expansion which has been in evidence since last spring and reached the highest level in over ten years. Small seasonal declines appear to have occurred in early January.

Wholesale and retail trade sales advanced sharply in December and appear to have been well sustained in January. Freight shipments declined less than seasonally in the last month of 1940 and continue well above a year ago. Distributive activity in this district in general appears to have been the best in a decade. Inventories have expanded somewhat but are still moderate in relation to sales. Wholesale and retail prices are firm at levels above those prevailing in August 1939, the last month before the war.

Manufacturing. The demand for products manufactured in this district continues strong. The volume of inquiries for steel, textiles, leather, and other goods increased from the middle of December to the middle of January. Further widespread increases in sales of steel products were reported, while in most other lines sales continued about the same as in the preceding month. The only industry reporting reduced activity in the month was building materials, where both inquiries and sales declined somewhat. With a substantial volume of new orders still being received, backlogs in many industries increased further over the turn of the year and in all reporting lines were larger than the same period a year earlier.





Inventories of finished goods at reporting factories were generally reduced in the month, except at plants producing building materials, and were somewhat smaller than a year earlier. Inventories of raw materials continue to show some tendency to increase, particularly at textile mills.

Operations in most lines appear to have shown some seasonal decline between the middle of December and the middle of January, although further increases occurred in the steel industry. Activity generally is well above a year ago. The high level of operations and heavy backlogs continue to stimulate moderate purchases of equipment, and plant expansion is increasingly in evidence.

Employment in Pennsylvania factories increased about 1 per cent and payrolls advanced nearly 6 per cent from November to December, when there is usually a small decrease. In January seasonal reductions were in evidence in nondefense industries, according to early reports. From last year's low point in May to the peak in December, the number of wage earners in Pennsylvania factories advanced by an estimated 122,000 to more than 1,000,000 workers, the largest since the spring of 1937.

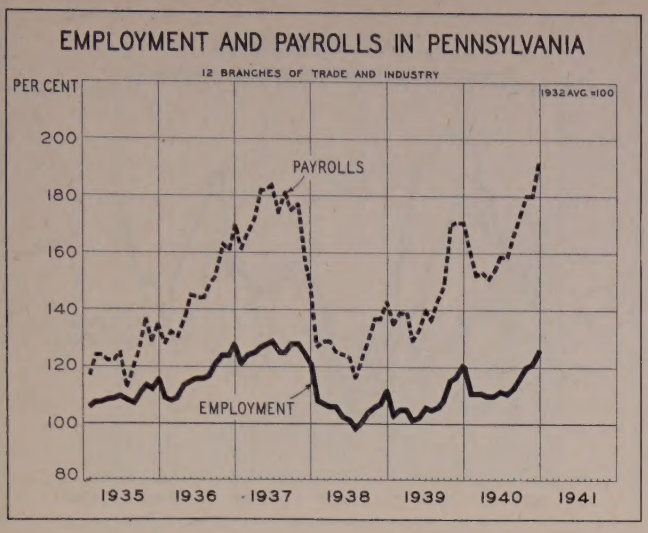
Wage disbursements during the period increased about 30 per cent to nearly $27,400,000 a week, the highest level since 1929. By the end of 1940, employment and payrolls respectively were 5 and 13 per cent above the peaks reached a year earlier.

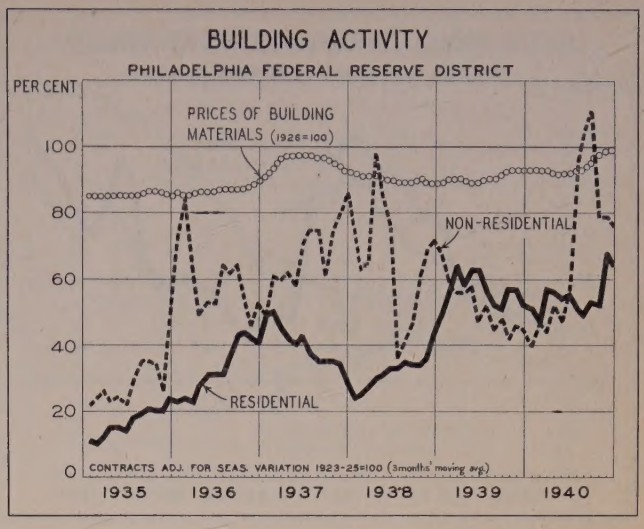
The largest gains in wage disbursements in December as compared with a month and a year earlier again occurred in the heavy industries, where payrolls reached the highest levels since the World War period. The principal increases were in the transportation equipment, building material, and metal industries. At establishments producing such nondurable goods as textile and leather products gains were reported in the month, but aggregate wage disbursements in these lines continued below the peaks reached in 1937.

Earnings of factory workers in Pennsylvania have increased to a new high level. Average hourly wages advanced further to 74 cents, the highest point on record, reflecting in part an increasing amount of overtime work. As average weekly working time advanced to forty hours, weekly income reached a new high of $29.48.

At Delaware factories employment advanced 3 per cent from November to December to a level 10 per cent above a year before; payrolls increased 10 per cent in the month and were 22 per cent larger than in December 1939. In southern New Jersey, factory employment and payrolls increased 1 and 3 per cent respectively in December and were 7 and 21 per cent above a year earlier.

The output of factory products in the Third Federal Reserve District increased somewhat from November to December, when there is ordinarily a slight decline. As a result, the seasonally adjusted index advanced 6 per cent to a new high level. The improvement in the month was chiefly in the production of metals, textiles, transportation equipment, and publishing materials. Current levels in the case of capital goods are well above a year ago, and for the full twelve months output averaged 28 per cent higher than in 1939. Consumers' lines during the year averaged somewhat below 1939.





Production and total sales of electric power increased about seasonally from November to December, and sales to industry were well sustained when there is ordinarily a decline. For the year as a whole, output averaged 8 per cent above 1939.

Coal and other fuels. Expanding industrial requirements have stimulated the demand for bituminous coal and coke, and sales have increased further in recent weeks. The demand for anthracite continues steady.

Production of anthracite increased more than usual from November to December and expanded further in the early part of January. Operations in December were the largest for that month since 1936. The volume of hard coal mined in 1940 approximated 50,000,000 tons, as against 51,500,000 tons in 1939 and an average of 51,200,000 tons in the preceding five years.

The production of Pennsylvania bituminous coal declined less than seasonally in December, continuing the improvement which has been in evidence since last spring. Output in 1940 totaled 113,200,000 tons or 22 per cent more than a year earlier and the largest since 1930.

Activity at by-product coke ovens in December was near the highest level of the year and was somewhat greater than in the same month of 1939. For the year as a whole production was 25 per cent above 1939 and the largest in records going back to 1923. Output of gas and fuel oil declined somewhat further during December and was near the low point for the year. Production in 1940 was 6 per cent above a year earlier.

Building. Construction activity in this district slackened somewhat from November to December, but for the year as a whole was at the highest level since 1930.

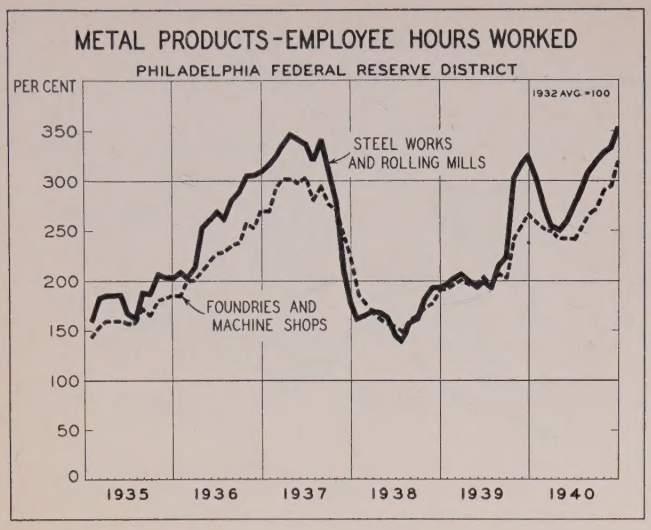
New contracts awarded declined 16 per cent to $17,700,000 in December but were about 25 per cent larger than a year earlier. The decrease in the month reflected smaller awards for residences, commercial structures, and public works and utilities. These were only partly offset by substantial gains in contracts for factories, educational buildings, and unclassified construction.

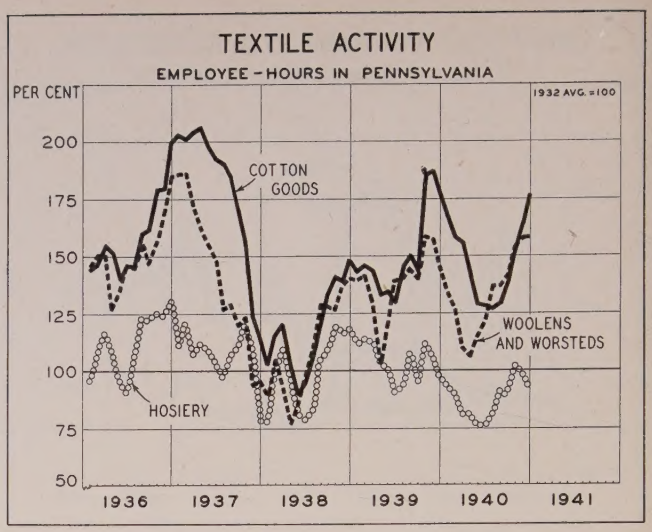
Building contracts Philadelphia Federal Reserve District	December 1940 (000's omitted)	Per cent change		
		From month ago	From year ago	1940 from 1939
Residential	$ 5,765	−45	+ 39	0
Apts. and hotels	348	−93	− 57	+ 5
Family houses	5,417	− 5	+ 62	− 1
Nonresidential	9,347	+31	+ 88	+ 46
Commercial	1,087	−19	− 19	+ 21
Factories	5,980	+41	+681	+212
Educational	387	+40	− 48	− 2
All other	1,893	+47	− 11	− 5
Total buildings	$15,112	−14	+ 66	+ 19
Public works and utilities	2,597	−24	− 48	− 2
Grand total	$17,709	−16	+ 25	+ 12

Source: F. W. Dodge Corporation.

Aggregate awards of building contracts increased 12 per cent in 1940 to a ten-year peak of $221,500,000. The all-time high was $503,000,000 in 1928, and the low for recent years was $68,000,000 in 1933. The value of contracts awarded for factories showed the greatest increase over 1939. Gains also were reported in contracts for commercial buildings and apartments and hotels.

The Bureau of Labor Statistics' index of prices for the principal building materials has





advanced nearly 8 per cent since construction under the Defense Program started late last summer, and about the middle of January it reached the highest level since December 1926.

Trade. Distributive activity in this district in December reached unusually high levels. Retail sales increased slightly more than seasonally in the month to the highest point since 1929, and early reports indicate that the post-holiday decline was smaller than is usual in January. Wholesale trade sales increased sharply in December and were well above a year earlier. Freight shipments in the month declined much less than seasonally.

Sales by reporting retail establishments increased about 1 per cent more than usual in December, reflecting chiefly substantial improvement in sales of apparel. The volume of business at department and credit stores increased about as much as was to be expected in the month. Sales in most retail lines in December were above a year earlier, and for the twelve months the aggregate was the highest since 1930.

Inventories in December were reduced more than seasonally except at women's specialty shops and shoe stores. Stocks in all reporting lines are somewhat larger than a year ago but are well below the unusually high levels reached in 1937.

Sales at wholesale establishments increased sharply in the month in all reporting lines except dry goods and groceries. The largest gains were in drugs and holiday merchandise, particularly electrical equipment and jewelry. This reflected the unexpectedly large volume of reorders made necessary by heavy consumer purchases. Wholesale business in all reporting lines except paper was sharply above a year earlier, and for the year as a whole was 7 per cent more than 1939. Stocks of goods were reduced in December but were somewhat larger than a year earlier.

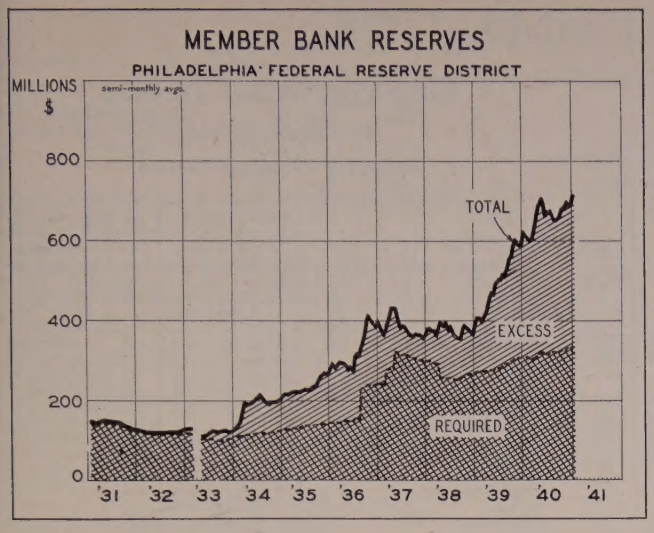
Freight-car loadings were well sustained in December, so that the adjusted index advanced 11 per cent to the highest point since 1930. The greatest improvement in the month was in shipments of ore. Grain was the only case where shipments declined significantly more than usual in December and were below a year ago. For the year as a whole freight shipments showed a gain of 13 per cent over 1939 and were the largest since 1930.

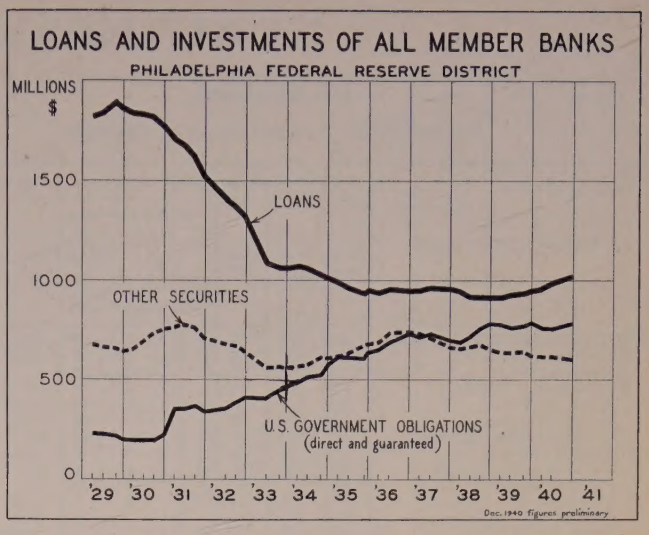
Freight shipments originating in the Philadelphia area increased somewhat in December, when there is ordinarily a substantial decline, and in January continued well above the levels of the previous year.

Sales of new passenger automobiles in this district expanded 19 per cent from November to December, were 40 per cent above December 1939, and for the twelve months of 1940 averaged 33 per cent more than the year before.

Banking conditions. The volume of commercial loans outstanding has shown a small seasonal decline in recent weeks but is still substantially larger than a year ago. Bank reserves and deposits of individuals and business enterprises have reached new high points as currency returned from circulation after the holiday and government disbursements continued heavy.

The reserves of member banks in this district were at the all-time peak of $728,000,000 on Janu-





ary 8. While there was a decline to $712,500,000 by the 22nd, this level was still $33,000,000 greater than five weeks earlier and $104,000,000 above a year earlier. In the first half of the month average reserves of Philadelphia banks were 122 per cent above requirements and those of country banks, 95 per cent. Figures covering part of this period show that member banks were also carrying $432,000,000 in demand balances with other domestic banks.

The expansion in reserves over the past five weeks has been due to the return of $18,000,000 of currency, the net disbursement of nearly $11,000,000 through Treasury operations, and the release of $9,500,000 from miscellaneous deposits at the reserve bank through payments from nonmember clearing balances. The only offsets to these factors were a small loss in transactions through the interdistrict settlements and a decline in float.

At the turn of the year deposits at reporting banks in this district were at an all-time peak of $1,859,000,000. Over the next three weeks there were further gains in adjusted demand balances, comprising chiefly deposits of individuals and business concerns, but total deposits declined owing to heavy withdrawals by the United States Government. Deposits aggregating $1,843,000,000 on January 22 were still $15,000,000 larger than five weeks earlier and $123,000,000 greater than a year ago.

Outstanding credit of the reporting member banks declined $4,000,000 from the high point on December 18 to $1,213,000,000 on January 22 owing chiefly to a reduction of $3,000,000 in commercial loans. These loans, now totaling $231,000,000, are still 21 per cent larger than a year ago, an increase which compares with 17 per cent in the country as a whole. Holdings of governments also declined $2,000,000 in the latest period to $460,000,000, owing to small sales of Treasury notes and bonds.

The loans and investments of all member banks in this district at the close of 1940 totaled $2,398,000,000, according to preliminary tabulations, or $56,000,000 more than six months and a year before. Reflecting principally the heavier demand for credit from industry and trade, loans expanded $34,000,000 in the last half of 1940 to $1,019,000,000, the highest point since 1934. Holdings of governments, with an increase of $34,000,000 to $782,000,000, were at record levels on December 31, although this amount was only slightly larger than a year earlier. The investment in obligations of states and political subdivisions was also increased by nearly $12,000,000 in the final six months of the year, but a reduction of $24,000,000 was reported in corporate securities.

While the investment in direct and guaranteed obligations of the United States Government increased little more than $1,000,000 during 1940, the distribution according to maturities has shifted materially. Holdings of securities maturing in 10 to 20 years increased sharply, and those falling due within 5 years expanded, but considerable reductions were made in holdings maturing in 5 to 10 years or in more than 20. At the close of 1940 nearly 74 per cent of the direct governments held by member banks in Philadelphia had maturities exceeding 10 years, while the proportion at the country banks was only 51 per cent.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923–5 = 100	Adjusted for seasonal variation						Not adjusted		
				Per cent change					
	Dec. 1940	Nov. 1940	Dec. 1939	Dec. 1940 from Mo. ago	Dec. 1940 from Year ago	1940 from 12 mos. 1939	Dec. 1940	Nov. 1940	Dec. 1939
INDUSTRIAL PRODUCTION	**99p**	**93**	**93r**	**+ 6**	**+ 7**	**+ 7**	**97p**	**95**	**90**
MANUFACTURING	**99p**	**93**	**93**	**+ 6**	**+ 7**	**+ 8**	**96p**	**94**	**89**
Durable Goods	113p	105	95r	+ 8	+19	+28	.....	.....	.....
Consumers' Goods	88p	83	92	+ 6	− 5	− 5	.....	.....	.....
Metal products	122p	111	106	+10	+15	+30	116p	110	101
Textile products	81p	74	89	+ 9	−10	−12	78p	76	86
Transportation equipment	150	143	97	+ 5	+54	+41	151	137	98
Food products	82p	82	78	0	+ 6	+ 3	82p	83	77
Tobacco and products	100	100	106	+ 1	− 5	+ 4	73	118	77
Building materials	50	50	46	+ 1	+ 9	+ 9	46	50r	42
Chemicals and products	134p	134	137	0	− 2	+ 7	132p	134	135
Leather and products	106p	107	116	− 1	− 9	−10	99p	102	109
Paper and printing	91	85	92	+ 6	− 1	+ 1	92	86	93
Individual Lines									
Pig iron	91	87	77	+ 5	+19	+57	90	88	76
Steel	116	107	107	+ 9	+ 9	+28	109	103	101
Iron castings	86p	73	76	+17	+13	+30	80p	75	70
Steel castings	141	130	116	+ 9	+21	+24	135	121	111
Electrical apparatus	141	125r	106	+13	+32	+37	136	132r	103
Motor vehicles	34	29	25	+15	+35	+ 3	27	26	20
Automobile parts and bodies	116	122	81	− 4	+44	+23	114	112	79
Locomotives and cars	46	46	36	0	+28	+78	46	43	36
Shipbuilding	684	623	411	+10	+66	+53	718	623	432
Silk manufactures	78	78r	82	0	− 6	−14	79	78r	84
Woolen and worsteds	70	62r	69r	+14	+ 2	− 8	66	66	64r
Cotton products	51	48	52	+ 7	− 2	− 5	55	50	56
Carpets and rugs	116	92	150	+26	−23	−18	111	103	141
Hosiery	94	85	106	+10	−12	−16	91	97r	103
Underwear	136	137r	150	0	− 9	− 7	135	138	148
Cement	75	78	68	− 4	+ 9	+ 5	61	77	56
Brick	59	56	53	+ 5	+11	+18	57	56r	52
Lumber and products	31	30	29	+ 5	+ 6	+ 6	31	30	29
Bread and bakery products	.....	.....	.....	+ 1*	+ 6*	+ 1*	92	91	86
Slaughtering, meat packing	105	100	99	+ 4	+ 6	+ 3	113	111	107
Sugar refining	69	106	84	−35	−18	−18	45	69	55
Canning and preserving	69p	68	60	+ 2	+15	+16	72p	74	60
Cigars	99	97	104	+ 2	− 5	+ 4	71	117	75
Paper and wood pulp	79	77	81	+ 3	− 2	+ 7	80	77	81
Printing and publishing	93	87	94	+ 7	− 1	0	94	88	95
Shoes	137	135	148	+ 2	− 7	−11	117	127	125
Leather, goat and kid	76p	81	86	− 7	−12	− 8	83p	79	94
Explosives	143	153	110	− 7	+30	+38	141	153	109
Paints and varnishes	88	81	86	+ 7	+ 1	+ 3	85	84	84
Petroleum products	156p	154	175	+ 1	−11	− 1	154p	155	175
Coke, by-product	150	152	144r	− 1	+ 4	+25	146	146	140r
COAL MINING	**68**	**62**	**57r**	**+ 9**	**+18**	**+ 1**	**72**	**64**	**61r**
Anthracite	66	60	55r	+10	+20	− 3	70	61	58
Bituminous	82	81	77r	+ 1	+ 6	+22	86	90	81r
CRUDE OIL	**445**	**412**	**479**	**+ 8**	**− 7**	**− 3**	**418**	**399**	**450**
ELEC. POWER—OUTPUT	**295**	**294**	**269**	**0**	**+10**	**+ 8**	**315**	**306**	**288**
Sales, total	298	297	267	0	+11	+ 9	307	305	275
Sales to industries	229	215	204	+ 7	+12	+10	218	220	194
BUILDING CONTRACTS									
TOTAL AWARDS†	**66**	**76**	**53**	**−13**	**+26**	**+ 7**	**74**	**83**	**59**
Residential†	64	68	52	− 6	+22	− 3	62	76	51
Nonresidential†	76	79	45	− 4	+68	+31	82	79	49
Public works and utilities†	73	96	85	−25	−15	− 2	87	111	103

* Unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.
p—Preliminary.
r—Revised.

Local Business Conditions*

Percentage change—December 1940 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Nov. 1940	Dec. 1939	Nov. 1940	Dec. 1939	Nov. 1940	Dec. 1939	Nov. 1940	Dec. 1939	Nov. 1940	Dec. 1939
Allentown	0	+10	+ 4	+21	− 34	+ 191	+60	+ 3	+ 8	+ 8
Altoona	−1	0	+ 5	+ 1	− 61	+ 69	+56	+ 4	+23	+20
Harrisburg	+2	+11	+ 7	+13	− 68	− 17	+56	+11	+15	+ 5
Johnstown	+1	+ 4	+ 3	+ 9	− 46	+ 284	+61	+11	+ 7	+ 3
Lancaster	0	− 2	+ 4	+ 4	− 80	− 40	+56	+ 3	+10	+ 4
Philadelphia	+1	+12	+ 6	+23	+ 41	+ 135	+44	+ 8	+26	+13
Reading	+2	+ 1	+ 4	+ 8	− 55	+ 8	+42	+ 5	+10	+ 7
Scranton	+1	− 5	+ 4	− 1	− 14	− 72	+51	+ 1	+14	+ 3
Trenton	+2	+ 3	+ 6	+14	− 26	− 53	+53	+ 5	+30	+ 1
Wilkes-Barre	0	+ 3	+ 4	+11	− 54	− 64	+53	0	+24	+ 7
Williamsport	0	0	+ 4	+ 7	+4124	+6806	.....	.....	+16	+26
Wilmington	+4	+10	+10	+22	+ 560	+ 117	+67	+ 6	+81	+15
York	0	+ 3	+ 5	+22	+ 25	+ 82	+67	+ 6	+21	+12

* Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	Dec. 1940 index	Per cent change from Nov. 1940	Per cent change from Dec. 1939	Dec. 1940 index	Per cent change from Nov. 1940	Per cent change from Dec. 1939
GENERAL INDEX	**126**	**+ 4**	**+4**	**192**	**+ 7**	**+13**
Manufacturing	149	+ 1	+5	251	+ 6	+13
Anthracite mining	67	+ 1	0	73	+13	+61
Bituminous coal mining	108	+ 1	−3	237	+ 6	+ 7
Building and construction	53	− 9	+8	84	+ 2	+21
Quar. and nonmet. mining	101	−12	−4	213	− 5	+ 4
Crude petroleum prod.	135	− 1	+1	158	− 4	+ 1
Public utilities	100	0	+5	113	+ 1	+ 6
Retail trade	148	+24	+5	167	+23	+ 5
Wholesale trade	123	+ 1	+3	135	+ 5	+ 8
Hotels	101	+ 1	−1	121	0	+ 2
Laundries	106	0	+6	136	+ 2	+ 7
Dyeing and cleaning	100	− 4	+8	121	− 5	+12

Manufacturing

Index: 1923–5 = 100	Employment*			Payrolls*		
	Dec. 1940 index	Per cent change from Nov. 1940	Per cent change from Dec. 1939	Dec. 1940 index	Per cent change from Nov. 1940	Per cent change from Dec. 1939
TOTAL	**96**	**+1**	**+ 5**	**102**	**+ 6**	**+13**
Iron, steel and products	95	+2	+10	135	+ 7	+18
Nonferrous metal products	142	+3	+14	202	+13	+26
Transportation equipment	71	0	+13	82	+ 6	+23
Textiles and clothing	93	0	− 3	90	+ 1	+ 3
Textiles	87	0	− 4	84	− 1	+ 1
Clothing	117	+2	− 1	116	+ 9	+ 8
Food products	109	−1	+ 2	118	+ 1	+ 3
Stone, clay and glass	88	+1	+ 7	97	+ 5	+15
Lumber products	66	+1	+ 3	66	+ 1	+ 8
Chemicals and products	99	+1	+ 4	116	+ 4	+ 8
Leather and products	88	+2	− 2	93	+12	+ 9
Paper and printing	101	0	0	110	+ 4	+ 1
Printing	92	+1	0	100	+ 4	− 1
Others:						
Cigars and tobacco	66	−2	+ 5	63	+ 1	+14
Rubber tires, goods	88	+5	+ 2	105	+12	+ 7
Musical instruments	68	−3	+10	96	+ 5	+30

* Figures from 2,445 plants.

Hours and Wages

Factory workers Averages December 1940 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	**40.2**	**+4**	**$.739**	**+ 4**	**$29.48**	**+ 8**
Iron, steel and prod.	41.6	+6	.817	+ 3	33.98	+ 8
Nonferrous metal prod.	41.6	+5	.686	+ 4	28.51	+ 9
Transportation equip.	42.9	+2	.817	+ 2	34.97	+ 5
Textiles and clothing	35.7	+1	.536	+ 4	19.16	+ 5
Textiles	36.1	+1	.543	+ 3	19.59	+ 5
Clothing	34.5	0	.508	+ 5	17.86	+ 6
Food products	40.2	−4	.600	+ 2	24.78	− 1
Stone, clay and glass	37.9	+4	.726	+ 3	27.40	+ 7
Lumber products	39.7	+1	.591	+ 3	23.23	+ 6
Chemicals and prod.	38.8	+2	.813	0	31.26	+ 2
Leather and products	38.0	+2	.551	+ 1	20.75	+ 4
Paper and printing	39.9	−1	.730	+ 3	29.63	+ 1
Printing	37.3	−1	.933	+ 2	34.71	− 2
Others:						
Cigars and tobacco	38.4	+8	.454	+ 1	17.44	+ 8
Rubber tires, goods	37.7	+2	.736	+ 3	27.77	+ 5
Musical instruments	50.1	+6	.733	+10	36.71	+16

* Figures from 2,206 plants. † Figures from 2,445 plants.

Wholesale trade Unadjusted for seasonal variation	Per cent change: Dec. 1940 from Month ago	Dec. 1940 from Year ago	1940 from 12 mos. 1939
Sales			
Total of all lines	+19	+ 9	+ 7
Boots and shoes	+11	+53	+ 7
Drugs	+28	+10	.....
Dry goods	− 3	+13	0
Electrical supplies	+27	+31	+18
Groceries	+ 1	+17	+ 1
Hardware	+11	+34	+16
Jewelry	+32	+15	+20
Paper	+ 6	− 3	+10
Inventories			
Total of all lines	− 4	+ 4	.....
Dry goods	−11	+ 1	.....
Electrical supplies	+ 1	+25	.....
Groceries	+ 4	− 1	.....
Hardware	0	+12	.....
Jewelry	−17	+ 7	.....
Paper	− 3	− 8	.....

Source: U. S. Department of Commerce.

Commodity prices Index: 1926=100	Dec. 1940	Per cent change from: Month ago	Year ago	Aug. 1939
Basic commodities				
7 industrial	90	−1	+2	+28
7 agricultural	55	+2	−3	+13
Wholesale (813)*	80	+1	+1	+ 7
Raw materials	74	+1	0	+11
Finished products	83	0	+1	+ 5
Farm	70	+2	+3	+14
Food	73	+1	+2	+ 9
Other	84	0	0	+ 5
Retail food* (1935–9=100)	97	+1	+2	+ 4
Philadelphia	95	+1	0	+ 2
Scranton	99	+2	+4	+ 8

* Source: U. S. Bureau of Labor Statistics.

Indexes: 1923–5=100	Adjusted for seasonal variation: Dec. 1940	Nov. 1940	Dec. 1939	Per cent change: Dec. 1940 from Mo. ago	Dec. 1940 from Year ago	1940 from 12 mos. 1939	Not adjusted: Dec. 1940	Nov. 1940	Dec. 1939
RETAIL TRADE									
Sales									
Total of all stores	92p	91	88r	+ 1	+ 4	+ 4	152p	106	145r
Department	81p	82	76	− 1	+ 8	+ 6	148p	100r	137r
Men's apparel	92p	88	88r	+ 4	+ 5	+ 5	154p	97	147r
Women's apparel	107	98r	105r	+ 9	+ 2	0	163	110r	159r
Shoe	96	94	98	+ 2	− 2	0	115	92	117
Credit	107p	107	105	0	+ 2	+ 4	169p	131	166
Inventories									
Total of all stores	79p	80	76r	− 1	+ 3	.....	74p	90	72
Department	54p	56	50r	− 3	+ 8	.....	50p	65	46r
Women's apparel	112	108	109	+ 4	+ 3	.....	103	127	100
Shoe	66	65	65	+ 3	+ 2	.....	62	69	61
Credit	106p	107	103	− 1	+ 3	.....	98p	118	95
FREIGHT-CAR LOADINGS—TOTAL	90	82	84	+11	+ 8	+13	77	82	73
Merchandise and miscellaneous	90	82	84	+11	+ 7	+11	78	81	73
Merchandise—l. c. l.	56	52	55	+ 7	+ 2	0	53	54	52
Coal	76	73	71	+ 5	+ 7	+14	81	79	75
Ore	213	153	161	+39	+32	+42	51	120	39
Coke	91	92	88	− 1	+ 4	+41	95	94	92
Forest products	34	34	26	− 1	+30	+ 9	30	32	23
Grain and products	115	122	162	− 6	−29	− 9	117	139	165
Livestock	34	34	33	0	+ 2	+10	36	39	35
MISCELLANEOUS									
Life insurance sales	92	94	84	− 2	+10	+ 4	97	100	89
New passenger auto. registrations	.....	.....	.....	+19*	+40*	+33*	171	144	122
Hotels—(1934=100)									
Occupancy	.....	.....	.....	−12*	+ 2*	+ 6*	105	119	103r
Income, total	.....	.....	.....	− 8*	0*	+ 8*	134	146	134r
Business liquidations									
Number	.....	.....	.....	+16*	+30*	− 4*	90	78	69
Amount of liabilities	.....	.....	.....	− 8*	+31*	−22*	19	21	14
Check payments	114	107	104	+ 7	+10	+ 6	123	114	112

* Computed from unadjusted data. p—Preliminary r—Revised

BANKING STATISTICS

Reporting member banks (000,000's omitted)	Jan. 22, 1941	Changes in—: Five weeks	One year
Assets			
Commercial loans	$ 231	−$ 3	+$ 40
Open market paper	33	− 1	+ 10
Loans to brokers, etc.	24	0	+ 1
Other loans to carry secur.	32	− 1	0
Loans on real estate	50	0	0
Loans to banks	1	0	0
Other loans	105	+ 2	+ 13
Total loans	$ 476	−$ 3	+$ 64
Government securities	$ 370	−$ 2	−$ 2
Obligations fully guar'teed	90	0	− 11
Other securities	277	+ 1	− 7
Total investments	$ 737	−$ 1	−$ 20
Total loans & investments	$1,213	−$ 4	+$ 44
Reserve with F. R. Bank	537	+ 33	+ 89
Cash in vault	23	− 4	+ 4
Balances with other banks	222	− 12	− 5
Other assets—net	80	+ 2	− 8
Liabilities			
Demand deposits, adjusted	$1,098	+$33	+$134
Time deposits	260	+ 1	− 1
U. S. Government deposits	9	− 32	− 45
Interbank deposits	476	+ 13	+ 35
Borrowings	.....	.....	.....
Other liabilities	15	− 1	− 2
Capital account	217	+ 1	+ 3

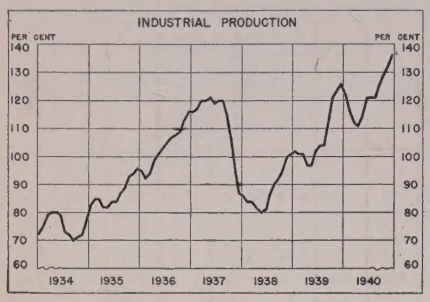
Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—: Dec. 25	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Changes in five weeks*
Sources of funds:						
Reserve bank credit extended in district	+ 3.6	− 4.6	− 6.0	+ 5.0	− 0.2	− 2.2
Commercial transfers (chiefly interdistrict)	+ 0.1	+ 0.6	+ 5.9	−20.3	+10.5	− 3.2
Treasury operations	+ 8.7	+ 8.4	+ 9.8	− 8.0	− 8.2	+10.7
Total	+12.4	+ 4.4	+ 9.7	−23.3	+ 2.1	+ 5.3
Uses of funds:						
Currency demand	+ 8.8	−12.2	− 8.7	− 5.0	− 1.0	−18.1
Member bank reserve deposits	+ 2.3	+22.1	+24.4	−18.8	+ 3.3	+33.3
"Other deposits" at reserve bank	+ 1.3	− 5.1	− 6.1	+ 0.6	− 0.2	− 9.5
Other Federal Reserve accounts	+ 0.0	− 0.4	+ 0.1	− 0.1	− 0.0	− 0.4
Total	+12.4	+ 4.4	+ 9.7	−23.3	+ 2.1	+ 5.3

* Preliminary.

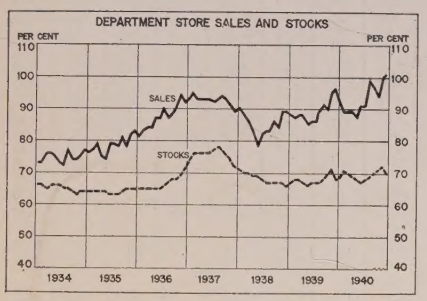
Member bank reserves (Daily averages: dollar figures in millions)	Held	Required	Excess	Ratio of excess to required
Phila. banks				
1940: Dec. 1–15	$483.1	$228.9	$254.2	111%
Dec. 16–31	493.5	230.2	263.3	114 "
1941: Jan. 1–15	513.9	232.0	281.9	122 "
1940: Jan. 1–15	446.2	212.3	233.9	110 "
Country banks				
1940: Dec. 1–15	200.3	102.7	97.6	95 "
Dec. 16–31	196.5	103.4	93.1	90 "
1941: Jan. 1–15	201.7	103.3	98.4	95 "
1940: Jan. 1–15	175.7	97.8	77.9	80 "

Federal Reserve Bank of Phila. (Dollar figures in millions)	Jan. 22, 1941	Changes in—: Five weeks	One year
Bills discounted	$ 0.6	+$0.1	−$ 0.1
Bills bought	0	0	0
Industrial advances	2.0	− 0.1	− 1.1
U. S. securities	174.8	− 8.1	− 28.3
Total	$177.4	−$8.1	−$29.5
Note circulation	403.8	− 5.6	+ 61.5
Member bk. deposits	712.5	+33.3	+104.5
U. S. general account	17.5	−16.0	− 25.1
Foreign bk. deposits	76.6	+ 0.8	+ 36.2
Other deposits	20.9	− 9.5	+ 3.9
Total reserves	1077.5	+13.1	+214.0
Reserve ratio	87.5%	+ 0.9%	+ 5.3%

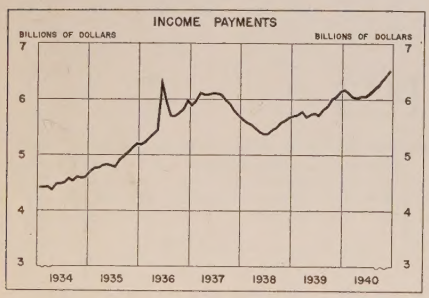
National Summary of Business Conditions



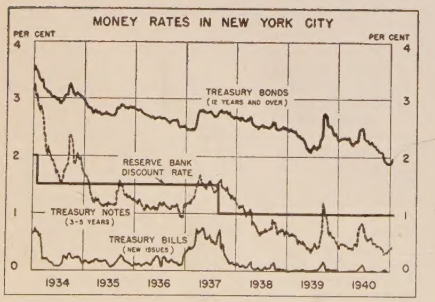
Index of physical volume of production, adjusted for seasonal variation, 1935–1939 average = 100. By months, January 1934 to December 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923–1925 average = 100. By months, January 1934 to December 1940.



U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January 1934 to December 1940.



For weeks ending January 6, 1934, to January 11, 1941.

Industrial activity continued at a high rate in December and the first half of January and distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.

Production

Volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and shipbuilding industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline.

Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume.

Value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

Distribution

Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year.

Freight-car loadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

Wholesale Commodity Prices

Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

Bank Credit

Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ending January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat.

Excess reserves, after declining during the first half of December, have since increased to about $6,900,000,000. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

United States Government Security Prices

Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2⅝ points from the all-time peak of December 10 but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.